

**MINUTES
CONSOLIDATED RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL MEETING
JANUARY 30, 2015**

Present: Chairman Steve Branham, Vice Chairman Frank Cona, Trustees William Forcht, Anne Ross, Thomas Sousa, Lou Levy, Nancy Woodley, Sandi Henley

Absent: Judd Jensen

Also Present: Attorney Lee Dehner, Deputy Town Clerk Jo Ann Mixon

1. Call to Order & Pledge of Allegiance

Chairman Branham called the Consolidated Retirement System Board of Trustees Special Meeting to order at 9:09 a.m., in the Town Commission Chamber, 501 Bay Isles Road, Longboat Key, Florida, and led the Pledge of Allegiance.

2. Public to be Heard

3. Approval of Minutes

November 7, 2014, Quarterly Meeting / December 18, 2014, Special Meeting

Following discussion, Trustee Cona moved to approve the November 7, 2014, Quarterly Meeting minutes as submitted. The motion, seconded by Trustee Forcht, carried unanimously on a voice.

Following discussion there was consensus to review the Minutes of the December 18, 2015, Special Meeting Item 4(E).

Town Attorney Comments

Attorney Lee Dehner advised the resignation date for Trustee Thomas Sousa would be February 2, 2015, and since a Form 1F was already submitted to the State of Florida additional submittals to the State of Florida would be necessary (filing Form 1F for the period of January 1, 2015 through February 2, 2015 and, a Form 1 disclosure prior to July 1, 2015).

Trustee Thomas Sousa was seated at the dais.

4. Proposed Pension Administrator

The Pension Resource Center

Finance Director/Staff Liaison Sue Smith reviewed the Request for Proposal process, and recommended contracting with The Pension Resource Center.

The Pension Resource Center CEO Scott Baur reviewed the Plan Administrator proposal, and highlighted the administrative mechanics of The Pension Resource Center.

4. Proposed Pension Administrator - Continued
The Pension Resource Center

Discussions were held on the following topics/issues:

- conversion fee (actual cost to be reviewed in advance of expenditure)
- amend proposal with a not-to-exceed dollar estimate
- record retention (policy not to destroy records)
- Town of Longboat Key website posting requirements
- administrative assistance to subcommittees
- communication process (direct with service providers)
- quarterly meetings (four professionals in attendance at meeting)
- pension benefit changes and retiree issues (direct through The Pension Resource Center without Town staff assistance)
- providing recommendation to the Town Commission to proceed with contract
- administrative cost relative to active participants
- spending \$25,000 to administer benefits for 43 active member
- spending 10% of annual pension budget on administrative for 160 members
- scheduling a presentation of what the total administrative duties would be
- mobilization cost
- two-year guarantee on cost
- all plan expenses are paid by the Town (taxpayers).

Trustee Forcht moved to forward to the Town Commission a recommendation to contract with The Resource Center to perform the administrative duties for the Consolidated Retirement System. The motion, seconded by Trustee Woodley, carried unanimously on a voice.

5. Reports

a. Subcommittee Report – Investment Policy

Subcommittee Chairman Steve Branham reviewed the draft Investment Policy.

Discussions were held on the following topics/issues:

- expected annual rate of return (7.5%) page 10 of the draft
- 3.0% real return (over and above inflation) page 12 of the draft
- possible investment in private real estate
- asset allocations and equities
- hedge funds (alternative investment field)
- frozen plan membership (162 - 80 retirees/30 eligible not collecting/52 active)
- are there too many breakdowns on investment opportunities (5.0%).

Chairman Branham explained no decision was necessary at this meeting, and additional discussion would be held on the Investment Policy Statement.

5. Reports

b. Subcommittee Report – Policy Manual (Operating Rules and Regulations)

Subcommittee Chairman Nancy Woodley reported on the 01-22-2015 Subcommittee Meeting.

Discussions were held on the following topics/issues:

- future meeting date
- forwarding documents to Attorney Lee Dehner for legal review.

c. Foster & Foster GASB 67/68 Statements dated September 30, 2014

Foster & Foster, Inc. Representative Doug Lozen provided a recommendation regarding the GASB 67/68 statements dated September 30, 2015.

Discussion was held on the General Employees Retirement System total asset amount of \$10,211,610.02.

Following discussion Trustee Forcht was asked to hold a one-on-one conversation with Mr. Lozen to discuss additional questions.

d. Foster & Foster – Valuation Reports dated October 1, 2014

Foster & Foster, Inc. Representative Doug Lozen provided information on the GERS Actuarial Valuation as of October 1, 2014 with contributions applicable to the plan fiscal year ended September 30, 2016.

Discussions were held on the following topics/issues:

- unfunded liability (GERS plan) actuarial gain/loss
- reconciliation of unfunded actuarial accrued liabilities (page 12 of report)
- actuarial asset valuation (page 15 of report)
- accounting process/asset value.

Trustee Henley left the dais at 10:55 a.m. and returned at 11:08 a.m.

Recess: 10:56 a.m. – 11:08 a.m.

Attorney Dehner inquired and discussion was held regarding Trustee Forcht's question and possible amendment to the proposed GERS Valuation Report.

Mr. Lozen reported on the PORS Actuarial Valuation as of October 1, 2014 with contributions applicable to the plan fiscal year ended September 30, 2016.

Mr. Lozen reported on the FFRS Actuarial Valuation as of October 1, 2014 with contributions applicable to the plan fiscal year ended September 30, 2016.

5. Reports

d. Foster & Foster – Valuation Reports dated October 1, 2014 - Continued

Discussion was held on the following topics/issues:

- comparative summary of principal valuation (page 7 of the report)
- number of terminated vested plan members (6)
- number of plan members actively employed (10 with frozen benefits)
- early retirement eligibility (age and years-of-service) for employed plan members
- cost of living adjustment (COLA) benefit (must be 100% vested to receive)
- Town contributions one-year delay (Trustees decision).

Mr. Lozen explained for budgetary purposes the Town contributions are delayed by one year, and funding projections could be made and paid for during the same year.

Discussions were held on the following topics/issues:

- funding process and Town Commission approval for changes
- one-year increase to plan expenses
- payment mechanics
- impact study

Trustee Forcht proposed the Actuary perform an Impact Study to create a valuation to reflect current year expenses, uniform 7.5% assumption, plans expense (2 or 3 year projection), with a presentation at the February meeting.

Discussions were held on the following topics/issues:

- related cost for an Impact Study. (Approximately \$5,000 for the three plans.)
- current year funding requirement
- interest assumption
- administrative expense (current year estimate)
- 7.5% Consolidated Retirement System assumption
- investment returns net of fees
- investment philosophy
- reimbursement process for administrative expenses
- Town contributions made annually not quarterly.

Following discussion consensus was reached for Trustee Forcht to further discuss the issue with Finance Director/Staff Liaison Sue Smith and bring examples to the board for further action.

Attorney Lee Dehner advised page 13 of the GERS report should reflect a 7.0% assumption rate instead of 7.5%.

Discussion was held on accepting versus approving the reports.

5. Reports

d. Foster & Foster – Valuation Reports dated October 1, 2014 - Continued

Trustee Levy moved to approve the Valuation Reports dated September 30, 2014, for the GERS (as amended) PORS, and FFRS, and to forward the reports to the State of Florida. The motion, seconded by Trustee Cona, carried (7-1) on a roll call vote as follows: Levy, aye; Cona, aye; Sousa, aye; Woodley, aye; Branham, aye; Ross, yea; Henley, aye; Forcht, no.

6. Ratifying of Invoices

To consider ratifying of the following invoices:

Congress Asset Management	PORS 4 th Quarter 2014	\$2,010.53
HGK Asset Management	PORS 4 th Quarter 2014	\$1,590.16
Madison Ave	PORS 4 th Quarter 2014	\$1,561.47
Oak Ridge Investments	PORS 4 th Quarter 2014	\$ 625.96
Christiansen & Dehner	PORS/GERS/FFRS Invoice 25837	\$1,516.00
Christiansen & Dehner	PORS/GERS/FFRS Invoice 25690	\$1,932.90
Mauldin & Jenkins (Audit)	PORS/GERS/FFRS Invoice 565706	\$7,500.00
FPPTA	GERS Invoice 13826	\$ 30.00
FPPTA	GERS Invoice 16548	\$ 30.00
Foster & Foster	FFRS Invoice 6850	\$11,837.00
Foster & Foster	PORS Invoice 6854	\$11,402.00
Foster & Foster	GERS Invoice 6855	\$13,874.00

Trustee Woodley moved to ratify/approve the invoices as submitted. The motion, seconded by Trustee Sousa, carried unanimously on a voice.

7. New Business

8. Old Business

a. Election update for Fire Employee representative

Staff Liaison/Finance Director Sue Smith updated the Board of the employee election schedule.

b. Review of staff notes from December 18, 2014, meeting

Staff Liaison/Finance Director Sue Smith reviewed the Board actions from the December 18, 2014, meeting.

Following discussion Trustee Sousa moved to authorize Trustee Forcht to contact a legislative representative to attend a future Consolidated Retirement System meeting. The motion, seconded by Trustee Cona carried unanimously on a voice vote.

Discussion was held on Trustees attendance at the Florida Public Pension Trustees Association October school.

Trustees Woodley and Cona left the dais at 12:00 p.m.

8. Old Business – Continued

c. Status Update on Ordinance 2015-04

Staff Liaison/Finance Director Sue Smith updated the Board on the ordinance process.

8. Old Business

d. Meeting Calendar Review

Following discussion, Trustees were to identify and provide available meeting dates to Administrative Staff Assistant Sharon Johnson.

9. Attorney Comments

Review of Employee Retirement Income Security Act (ERISA) requirements

Attorney Lee Dehner advised on the following topics/issues:

- Employee Retirement Income Security Act (ERISA) requirements (Title 1)
- recommendation to finalize a contract for Attorney representative
- legislative update Senate Bill (SB) 242 mortality table and assumptions)
- SB 534 filing requirement and Longboat Key website posting within 60 days.

10. Board Comments

a. Trustee Resumes

Steve Branham requested each Trustee provide a resume to Administrative Staff Assistant Sharon Johnson.

b. Uniform Actuarial Assumption

Trustee Forcht requested discussion be held regarding Uniform Actuarial Assumptions at the February 27, 2015, Quarterly Meeting. Discussion was held regarding attendance of the actuary at every meeting.

9. Attorney Comments – Continued

Attorney Dehner advised, at the next meeting when the Investment Consultant was in attendance, the Board was required to make a determination on the total expected Annual Rate of Return for the current year, next several years, and long term thereafter, based on the Investment Consultant's recommendation.

11. Adjournment

Chairman Branham adjourned the Consolidated Retirement System Board of Trustees Special Meeting at 12:15 p.m.

Jo Ann Mixon, Deputy Town Clerk

Steve Branham, Chairman

Minutes Approved: _____